Agreement for Maria Medina **Draft 6/25/99**

June ___, 1999

Mr. Jose Lopez, Executive Director
Puerto Rican Cultural Center
1671 North Claremont Avenue
Chicago, Illinois 60647

Fiesta Boricua

Dear Mr. Lopez:

This letter constitutes the agreement (the "Agreement") between Philip Morris Incorporated, a Virginia corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris"), and the Puerto Rican Cultural Center, a not-for-profit Illinois corporation with offices located at 1671 North Claremont Avenue, Chicago, Illinois 60647 ("Promoter"), regarding Philip Morris' sponsorship of Fiesta Boricua (the "Event") to be held at Division Street at California, in Chicago, Illinois on September 5, 1999. The terms of the Agreement follow.

1. Sponsorship Rights. As the exclusive tobacco sponsor of the Event, Philip Morris will be entitled to the following:

(a) the exclusive right to distribute incentive items and conduct name generation among smokers twenty-one years of age or older;

(b) the exclusive use of a 10' x 20' space for the operation of a promotional tent, which will be provided by Philip Morris, for the distribution of incentive items and name generation activities. The tent will be placed in a location at the site of the Event to be mutually agreed upon by the parties;

(c) the exclusive use of adequate space for the operation of six promotional kiosks, which will be provided by Philip Morris, for the distribution of incentive items and name generation activities. The kiosks will be placed in locations at the site of the Event to be mutually agreed upon by the parties;

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(d) the right to hang banners and signage on and around the promotional kiosks and at other locations at the site of the Event to be mutually agreed upon by the parties; and

(e) the right to recognition in media and print advertising placed in connection with the Event and the right to approve in advance all materials and announcements prepared by Promoter that mention Philip Morris; provided, however, that the approval will be effected on a timely basis.

Promoter will obtain all releases, licenses, permits, approvals, consents and other documents required in connection with the Event and for the performance of Promoter's duties under the Agreement.

2. Sponsorship Payment. For the rights and permissions granted under the Agreement, Philip Morris will pay Promoter a fee of $20,000. Philip Morris will pay Promoter $10,000 within thirty days after complete execution of the Agreement and Promoter's submission of an invoice, and the balance of $10,000 within thirty days after Promoter's submission of an invoice on or about September 5, 1999.

3. Term and Termination.

(a) The term of the Agreement will commence as of the date of the Agreement, and will continue through the later of completion of the Event or Promoter's complete performance of its obligations under the Agreement to the satisfaction of Philip Morris. Philip Morris may terminate the Agreement, with or without cause, upon thirty days' advance, written notice to Promoter. If Philip Morris terminates the Agreement without cause, Philip Morris will have no liability to Promoter after the termination date specified in Philip Morris' notice of termination with the exception of nonrecoverable costs properly incurred by Promoter prior to the termination date. If the Agreement is so terminated, Promoter will promptly refund to Philip Morris all amounts paid to Promoter by Philip Morris pursuant to the Agreement. Promoter may deduct from the refund all nonrecoverable costs properly incurred by Promoter prior to the termination date. Promoter will immediately supply documentation for all amounts so deducted.

(b) If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgment, consent decree or other governmental action becomes effective which makes the promotion of tobacco products as contemplated by the Agreement unlawful, impracticable or, in the judgment of Philip Morris, materially reduces the value of the Agreement to Philip Morris, the Agreement may be terminated by Philip Morris as of the date that the law, regulation, ordinance, order, ruling, judgment, consent decree or action becomes effective. If the Agreement is so terminated, Promoter will refund to Philip Morris all amounts paid to Promoter by Philip Morris in connection with the Agreement. Promoter may deduct from the refund all documented nonrecoverable costs properly incurred by Promoter on behalf of Philip Morris in connection

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with the Agreement. Promoter will immediately deliver documentation for all such costs so deducted.

4. Renewal. If the Event is held in 2000, Philip Morris has the right to renew the Agreement upon written notice delivered to Promoter on or before February 29, 2000. If Philip Morris elects to renew the Agreement, all terms and conditions of the Agreement will be incorporated in any renewal, with the exception of appropriate date changes and payment terms. The parties will negotiate such terms in good faith and will memorialize their agreement in a separate writing.

5. Exclusivity. Promoter will not enter into sponsorship agreements with any other manufacturer of cigarettes or other tobacco products, nor permit any signage or commercial identification of any other cigarettes or other tobacco products or tobacco product branded incentive items in connection with the Event, without the prior, written consent of Philip Morris.

6. Independent Contractor. Promoter is and will remain an independent contractor and nothing in the Agreement will be construed to create a relation of principal and agent or employer and employee between Philip Morris and Promoter or any of Promoter's employees or agents within the meaning of any federal, state or local law. Except as specifically stated in the Agreement, Promoter will not enter into any agreement, oral or written, on behalf of Philip Morris or otherwise obligate Philip Morris without Philip Morris' prior, written approval.

7. The Philip Morris Names. Promoter recognizes and acknowledges that the Philip Morris name and the names of the Philip Morris brands and the designs, emblems, slogans and insignia associated with Philip Morris and its brands have great value and goodwill and are the sole property of Philip Morris, and Promoter agrees that it has and will claim no right, title or interest in or to the same or the right to use the same except in accordance with the terms and conditions of the Agreement.

8. Indemnity. Promoter agrees to indemnify and hold harmless Philip Morris, its affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs or expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Promoter. Promoter's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

9. Insurance. **[Please confirm]** Prior to the commencement of the Event, Promoter will deliver to Philip Morris original certificates of insurance evidencing coverage for (i) comprehensive general liability, including advertisers', spectators', participants', host liquor and contractual liability, with limits of no less than $1,000,000 combined single limit for bodily injury, including personal injury, and property damage; (ii) comprehensive automobile liability, including all owned, non-owned and hired vehicles, with limits of no less than $1,000,000 combined single limit; and (iii) statutory workers' compensation coverage meeting all state and

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local requirements, including coverage for employers' liability with limits of no less than $500,000. The insurance certificates required by subparagraphs (i) and (ii) must name Philip Morris, its affiliates, employees and assigns as additional insureds and must state that Philip Morris will be provided at least thirty days' prior, written notice of any cancellation or modification of the insurance. The insurance required must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive use of Philip Morris and will not inure to the benefit of Promoter.

10. Third Party Contacts. If at any time Promoter is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning Promoter's activities on behalf of Philip Morris, Promoter will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

11. Confidentiality. Promoter, its employees and agents will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris to Promoter or created or acquired by Promoter in performing its obligations under the Agreement. Promoter will not use or disclose to any third party the existence or terms of the Agreement, the information or materials, or any other confidential information unless authorized to do so in writing by Philip Morris. Upon the termination or expiration of the Agreement, Promoter will return promptly all materials to Philip Morris. Promoter's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

12. Notices. Any notice given under the terms of the Agreement must be in writing and delivered by United States certified mail, return receipt requested, postage prepaid, and if to Promoter, at the address set forth above, Attention: Mr. Jose Lopez, and if to Philip Morris, to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: Director, Event Marketing.

13. Miscellaneous.

(a) The Agreement and all matters collateral hereto will be governed by the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York.

(b) Force Majeure, acts of God, or other causes beyond the reasonable control of either party delaying or causing the cancellation or delay of the Event will not subject Promoter or Philip Morris to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

(c) The Agreement may not be modified or amended except by a writing signed by both parties. A waiver by either party of any term or condition of the Agreement in

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one or more instances will not constitute a permanent waiver of the term or condition or any other term or condition of the Agreement or a general waiver.

(d) The Agreement may not be assigned by either party without the written consent of the other party. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities or obligations under the Agreement.

(e) The Agreement sets forth the entire agreement between the parties and supersedes all previous oral or written agreements between the parties concerning the subject matter of the Agreement.

(f) If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

(g) Each party hereto will comply with all applicable laws, regulations and ordinances affecting its activities hereunder, including 15 U.S.C. § 1331 et seq. and of the Master Settlement Agreement executed as of November 23, 1998, by certain tobacco manufacturers and the Settling States (as defined in the Master Settlement Agreement).

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If the foregoing accurately sets forth our understanding, please signify your acceptance and agreement by executing and returning the enclosed copies of this letter. We will forward one fully executed copy to you.

Very truly yours,

PHILIP MORRIS INCORPORATED

By:_____

Title:_____

ACCEPTED AND AGREED AS OF:
THE DATE OF THIS LETTER

PUERTO RICAN CULTURAL CENTER

By:_____
Jose Lopez

Title:_____

Taxpayer ID No.:_____

Filing Status:_____

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